



Limitation on Home Health Prospective Payment System (HH PPS) Outlier Payments – JA6759

Related CR Release Date: December 23, 2009

Date Job Aid Revised: December 29, 2009

Effective Date: January 1, 2010

Implementation Date: January 25, 2010

Key Words	MM6759, CR6759, R1883CP, Limitation, Home, Health, Prospective, HH, Outlier, PPS
Contractors Affected	Regional Home Health Intermediaries (RHHIs)
Provider Types Affected	Provider types affected are HH Agencies (HHAs) that submit bills to RHHIs for services to Medicare beneficiaries.



Change Request (CR) 6759 provides HHAs with public notification of the 10 percent annual cap on outlier payments that is effective January 1, 2010.

Provider Needs to Know...

- Medicare RHHIs will implement the claims processing requirements for the outlier limitations provided in the update to the *Medicare Claims Processing Manual*, Chapter 10, which is available as part of the official instruction (CR6759) at <http://www.cms.hhs.gov/Transmittals/downloads/R1883CP.pdf> on the CMS website.
- Effective January 1, 2010 (for CY 2010), the outlier payments made to each HHA will be subject to an annual limitation. Medicare systems will ensure that outlier payments comprise no more than 10 percent of the HHA's total HH PPS payments for the year.
- **Medicare will not pay partial outlier payments.** Outlier payments will be made for a particular claim only if the entire outlier payment on a claim does not result in the limitation being met for a HHA.
- When a calculated outlier is not paid due to the limitation, the HHA will be notified via claim adjustment reason code 45 ("Charge exceeds fee schedule/maximum allowable

or contracted/legislated fee arrangement.") on the accompanying remittance advice.

Quarterly Reconciliation

- Since the payment of subsequent claims may change whether an HHA has exceeded the limitation, Medicare will conduct a quarterly reconciliation process.
- All claims, where an outlier amount was calculated but not paid when the claim was first processed, will be reprocessed. If the outlier can be paid, the claim will be adjusted to increase the payment by the outlier amount.
- This quarterly reconciliation process occurs after each calendar quarter has ended and an additional month has elapsed to allow claims for that quarter to be received.

Example: The first calendar quarter ends March 30. Claims for HH PPS episodes ending in the first quarter continue to be received in April. The reconciliation process will begin in May.

Background

Both the Notice of Proposed Rulemaking and Final Rule, regarding 2010 HH PPS payment updates, included discussions of the outlier policy. Those rules outlined the rationale for revising outlier payments for CY 2010 to include an annual limitation on outlier payments that can be paid to each HHA.

Operational Impact

N/A

Reference Materials

The related MLN Matters® article can be found at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM6759.pdf> on the CMS website.

The official instruction (CR6759) issued regarding this change may be found at <http://www.cms.hhs.gov/Transmittals/downloads/R1883CP.pdf> on the CMS website.

The final regulation CMS-1560-F (*Home Health Prospective Payment System Rate Update*) is available at <http://www.cms.hhs.gov/HomeHealthPPS/HHPPSRN/itemdetail.asp?filterType=none&filterByDID=0&sortByDID=3&sortOrder=ascending&itemID=CMS1230142&intNumPerPage=10> on the CMS website.

The Medicare Learning Network product catalog contains a fact sheet, entitled *Home Health Prospective Payment System*, which provides information about coverage of HH services and elements of the HH PPS. The fact sheet is available at <http://www.cms.hhs.gov/MLNProducts/downloads/HomeHlthProsPaymt.pdf> on the CMS website.